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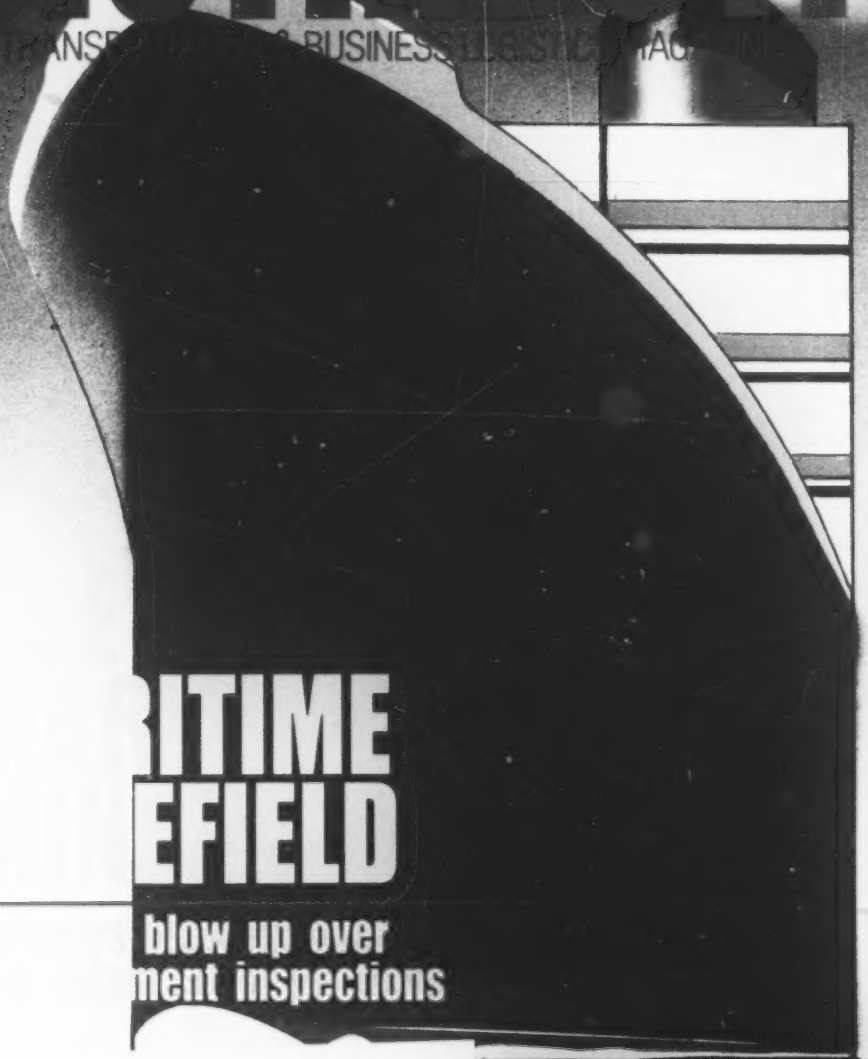
MARCH 1987



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blow up over
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PRIVATE FLEETS PUT EQUIPMENT TO THE REST

A BREACH OF SECURITY

THROUGH PAYMENT SYSTEMS THAT WORK

CHILTON'S
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Watershed year for rail labor?

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TIPTOEING THROUGH THE MINEFIELD

Rarely has an issue elicited the emotional response we received to our January Dialogue question. "What's your biggest headache regarding pre-shipment inspections?" we asked. Reading your answers was like listening to the soundtrack from a war movie: guns blazing everywhere. Here's a sampling, but check out this month's cover story, "The Maritime Minefield," (page 10) for a more in-depth look.

"The biggest headaches we have include arranging for the delivery of the container and the arrival of the inspector to coincide; allowing time for shipping personnel to open pallets and cartons for inspectors; and having our invoices to the export customer exposed in this way. IT IS A PAIN AND A NUISANCE!" **– J. Parker, transportation manager, Sanden International, Dallas, Tex.**

"Delays, delays, delays. Is this punishment for trying JIT?" **– D.J. Simons, traffic manager, IPT, Wallingford, Conn.**

continued

How many shipments per month are inspected by SGS?	
one to five	53%
six to ten	12%
over ten	35%
Why are shipments most frequently delayed?	
delays in handling paperwork	54%
difficulty in securing an inspector	31%
inspections not carried out within proper timeframe	15%
Shipments have been delayed past expiration of letter of credit	59%
On average, this happens once	25%
two to five times	33%
six to ten times	17%
over ten	17%
How much does it cost to present shipments for SGS inspection?	
under $10,000	73%
$10,000 to $20,000	20%
Pre-shipment inspections change terms of sale	44%
Pre-shipment inspections increase landed costs	71%

QUESTION OF THE MONTH

THE ABCs OF EDI

Computerizing your logistics operation isn't enough these days. Many companies, shippers and carriers alike, are asking – and sometimes *requiring* – that their customers hook up with their computers to allow paperless transactions and message sending.

It's called Electronic Data Interchange (EDI), and it's probably the hottest buzzword in transportation/logistics communications today. EDI allows computers to "talk" with each other; to transmit information between them without reentering the data. This speeds the transfer of all types of information, since it is in a common format and immediately useable by the computer.

Recently, at the Transportation Data Coordinating Committee (TDCC) meeting in Washington, DC, many of the speakers discussed EDI in glowing terms, painting a bright future for companies who exploit EDI to its fullest.

Yet there are others who wonder if time is fast slipping away for EDI. Some say it's put up or shut up time – time to see just what the true potential is for EDI.

We'd like to find out what our readers think about EDI. What is being done to implement it and to help it achieve its potential? Fill us in by filling out the card below.

DIALOGUE March 1987

- Check the following if your department is using EDI for: _____bills of lading; _____freight bills; _____commercial invoices; _____pickup orders; _____delivery notices; _____shipment status; _____vehicle location; _____freight rate checking; _____mileage determination; _____electronic funds transfer; _____inventory status messages; _____letters of credit; _____Customs clearance; _____purchase orders;
- What percentage of your bills of lading is now processed through EDI? _____
- What is your cost of processing a bill of lading: _____with EDI? _____without EDI?
- What percentage of your freight bills is now processed through EDI? _____
- What is your cost of processing a freight bill: _____with EDI? _____without EDI?
- For my transportation/logistics operation, the impetus to implement EDI has come primarily from (check one only): _____vendors; _____carriers; _____customers; _____other departments within my firm; _____my own department; _____industry organizations; _____other (describe) _____

The greatest benefit from implementing EDI in transportation/logistics is:

_____

_____

_____

The greatest drawback to implementing EDI in transportation/logistics is:

_____

_____

_____

_____

NAME (print) TITLE

COMPANY PHONE

ADDRESS

CITY STATE ZIP

FIGURES IN SPEECH

(Quotes from transportation and distribution notables that have caught the ears of *DISTRIBUTION* editors:)

"Improvements in the liner shipping industry will improve efficiency and lower costs. Expanding use of service contracts and consolidation in the industry will allow shippers to forge closer, longer-term relationships with just a few carriers—or possibly one."—**Michael Sclar, vp, maritime group, Temple, Barker & Sloane, Lexington, Mass.**

•

"JIT is a cutting-edge notion for regulated carriers, but exempt carriers have been doing it for years. You can't inventory tomatoes. From the moment they leave the fields, they race to the table. The need for superior systems and information, and the coming equipment shortage, will make it more difficult for the less-sophisticated truck brokers to stay in business."—**Herbert Kotzen, vp, transportation, C.H. Robinson Co.**

•

"Many U.S. companies have trouble competing today even with several thousand miles of water insulating them. How will they compete when the best in the world is only 50 miles down the road?"—**Hal Mather, president, Hal Mather, Inc., Atlanta, Ga.**

MARITIME MINEFIELD continued from p. 7

"Pompous inspectors play God. They don't know the products but they claim the prices are out of line. They have no idea of the transit time and other problems caused by documentation delays or letter of credit problems due to SGS delays. SGS should not be allowed to set pricing in a free enterprise society."—**John J. Cuadrado, president, Belco Resources, Inc., Eastchester, N.Y.**

"The biggest headache we have is the judge-and-jury, rigid attitude of inspectors."—**H. Bronsky, Inland Industries, New York.**

"Paperwork—to ensure prompt inspection and fair trade price approval; additional labor cost to supervise and assist inspector—adds 2-3 percent to selling price. Pre-shipment inspection is a pain, but a necessary part of the export game."—**Angeleo Nunez, president, Shore Power, Brooklyn, N.Y.**

"Delays in CRF issuance create Customs clearance problems at the importing country and remittance problems for us, due to delays on foreign exchange release for late issuance of CRF."—**P.K. Chin, export & import controller, Eveready Battery Co., Purchase, N.Y.**

"Our biggest problems are the loading delays and extra coordination required for loading and scheduling."—**Frazier Huddleston, distribution manager, Cincinnati Milacron, Cincinnati.**

"Pre-shipment inspections are labor-intensive for the sales, traffic, warehousing and shipping departments. More work=higher labor costs. We would rather spend 'time' doing business and not clerical duties."—**Vivianne Silverman, corporate traffic manager, Fritzsche Dodge & Olcott, a unit of BASF, New York.**

"Our biggest headache is costly delays—not only the letter of credit expiration, but the fact that our product is a life support system (dialysis) and delays can be life-threatening."—**Jon Sorenson, shipping supervisor, CD Medical, Portland, Ore.**

"The biggest problem is getting the final findings after the inspection. This sometimes takes up to three weeks—a real headache."—**Jack D. Martie, traffic manager, L&S Bearing Co., Oklahoma City, Okla.**

"Getting the paperwork in time to ship as required or dictated by import license or letter of credit is our biggest headache."—**G. Hansen, manager of transportation, Allis Chalmers, Milwaukee, Wis.**

"The biggest headaches for me are the paperwork and the lost income."—**Bob Obohorn, president, OBO Transport, Madras, Ore.**

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